



How would **you** balance it?

[county.milwaukee.gov/balancing-act](https://county.milwaukee.gov/balancing-act)

## 2020 Budget Open House Series

**6 p.m.**  
Open House

**7 p.m.** Presentation,  
followed by public  
comment

*Tell us how you'd balance the budget! Take our online budget balancing tool **Balancing Act**.*



# Milwaukee County Budget

A crisis point for local services

# Imagine your household budget

There are two basic pieces of information you think about every month:

1) The money  
you make



Things are going well  
when the money you  
make equals or exceeds  
the money you spend



2) The money  
you spend



# Now imagine it is 5 years later and you are still earning the same amount

The money you make has not changed, but your expenses have increased.  
You are starting off each month further and further behind.

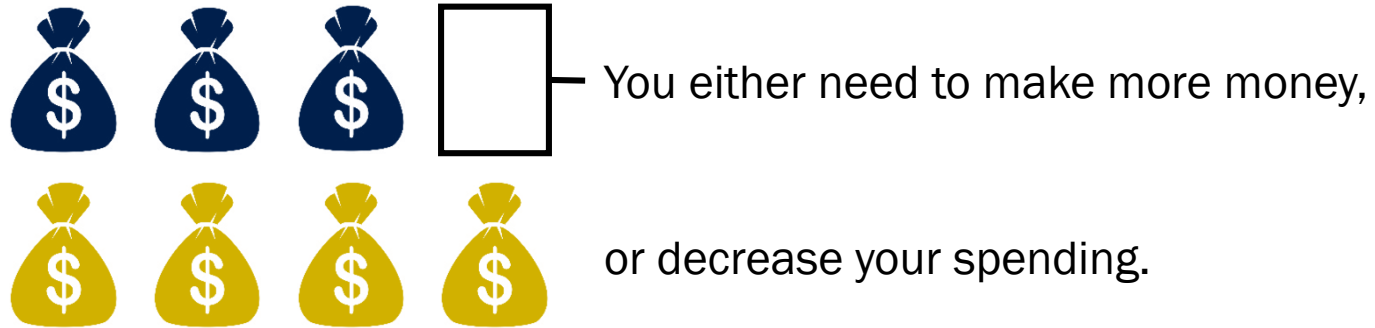


**Why have your  
expenses  
increased?**



- ▶ Inflation (prices naturally going up)
- ▶ Increasing healthcare costs
- ▶ Rising housing costs
- ▶ Higher childcare costs
- ▶ Increasing price of higher education

# How do you balance your budget?



At first, maybe this causes some changes to your lifestyle that you can manage:

- ▶ Eat out less
- ▶ Buy off-brand goods
- ▶ Cancel Netflix
- ▶ Avoid or delay expensive repairs
- ▶ Drive less
- ▶ Pick up extra shifts



# Now imagine it is 10 years later and you are *still* earning the same amount

Your earnings have still not changed and your monthly expenses are overwhelming.



At first, closing the gap was manageable, but now the questions you are asking threaten your wellbeing:

- ▶ Do I move?
- ▶ Do I sell my car or stop taking the bus?
- ▶ Should I stop going to the doctor or taking my medicine?
- ▶ Do I put off urgent repairs?
- ▶ Do I get a second job?



# The story of the Milwaukee County budget is similar

There are still two basic pieces of information to think about:



## 1) The money the county gets for services

- State & Federal Revenue
- Property Taxes
- Vehicle Registration Fee
- Fines
- User Fees
- Sales Tax

By law, the county's budget must balance.



## 2) The money the county spends on services

- Public Safety
- Parks, Zoo, Recreation & Culture
- Transportation
- Emergency Response
- Health & Human Services
- Public Works
- Courts & Judiciary



# Why the County's costs grow faster than the money it gets each year

Milwaukee County starts every year's budget with an average \$30M gap. The reasons the county is behind every year are similar to the experiences of individuals, while some are unique to the county. What are some of the reasons for the gap?



## Getting the Same or Less Money



### State Taxes

Sending more to the state

- From 2009 to 2017, Milwaukee has seen 24% increase (\$355M) in the money it sends to the state



### No Returns

Getting the same or less money back from the state

- While Milwaukeeans send more to the state, the county has not seen the returns

## Increasing Costs



### Inflation

Prices naturally going up

- Operating facilities
- Contracted services
- Utilities



### Pension & Healthcare Costs

Pension Commitments

- By law, the county must pay more every year to retirement commitments made decades ago
- The county has done all it can to reduce this cost
- Rising healthcare costs



# What the County can and cannot do presently to raise revenue



## Sales Tax

The county cannot increase the local sales tax rate without changes to state law.



## Money From The State

State aid to counties has stayed mostly flat since 2012. The county does not control state aid and can no longer rely on this option.



## Property Taxes

The county is limited in its ability to raise property taxes without changes to state law. Milwaukee County is already heavily reliant on property taxes.



## Vehicle Registration Fee

The county has not reached the maximum it can collect by law, so it could increase the fee, if needed.

# At first, the gap was manageable

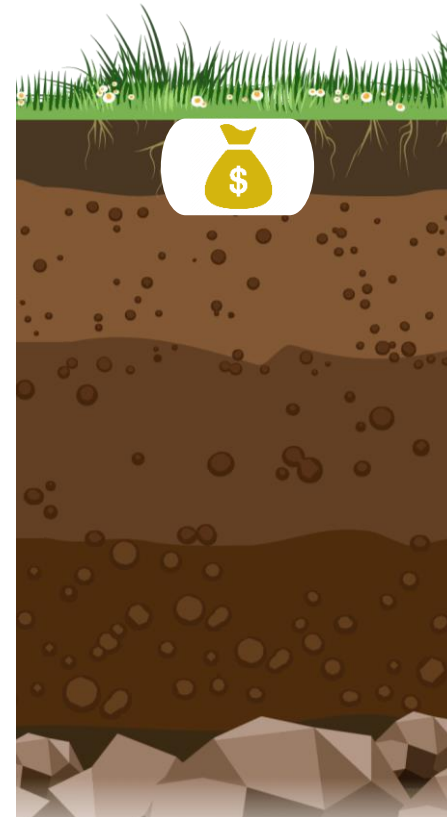
The example given here starts in 2012, which is when County Executive Abele entered office. However, the story starts well before 2012.



2012



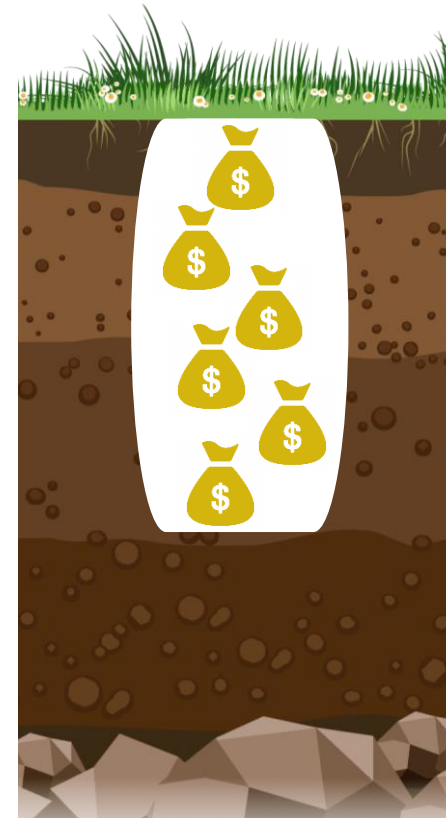
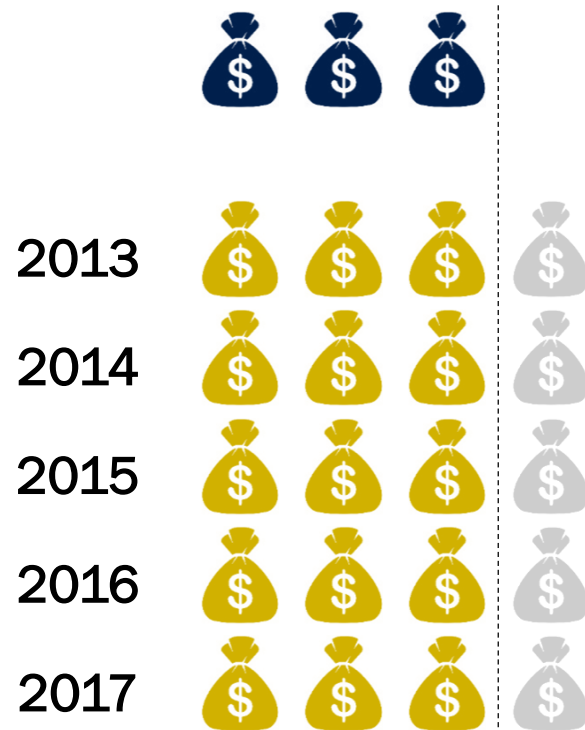
The county starts its annual budget with an average gap of \$30M. Given the county's limited ability to increase the money it gets, the gap is typically managed by reducing the money it spends.



- Combine underused office spaces
- Increase energy efficiency
- Streamline operations

# Now imagine it is 5 years later and closing the annual gap is getting harder

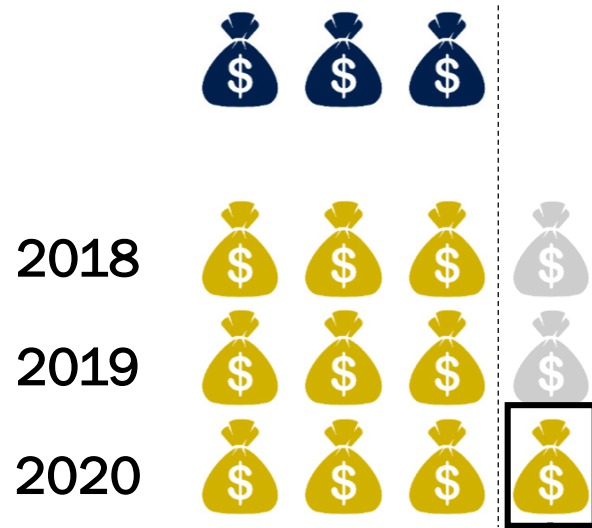
The money the county gets annually does not change very much. However, every year it has to find a way to close the \$30M gap.



- Combine underused office spaces
- Increase energy efficiency
- Streamline operations
- Cut staff
- Freeze salaries
- Avoid or delay repairs

# Now imagine it is 2020

Closing the annual gap is threatening the wellbeing of the county's services, and therefore its communities and residents. It is a crisis point.



The decisions made by state legislators and Milwaukee County residents will decide the fate of local services.



- Combine underused office spaces
- Increase energy efficiency
- Streamline operations
- Cut staff
- Freeze salaries
- Avoid or delay repairs
- Reduce services
- Increase fees
- Reduce core services
- Avoid or delay important repairs



# What it would mean to cut or reduce valuable public services?

The number of services that have or will be affected if Milwaukee County cannot find new ways to get money for services is too long to list completely. Some key examples include:



# The county and community leaders are working on a solution to get more money going forward



## Creation of Fair Deal Workgroup

Co-chaired by County Board Chairman Lipscomb & County Executive Abele; members from various sectors.

## Looking at All Options

Carefully examine current limits on revenue and identify long-term solutions to fix the county crisis.



## Recommend a Path Forward

- Allow Milwaukeeans to decide their fate
- More state resources for required services
- Build inflationary costs into state payments



Sales Tax



Money From the State



Property Taxes



Vehicle Registration Fee

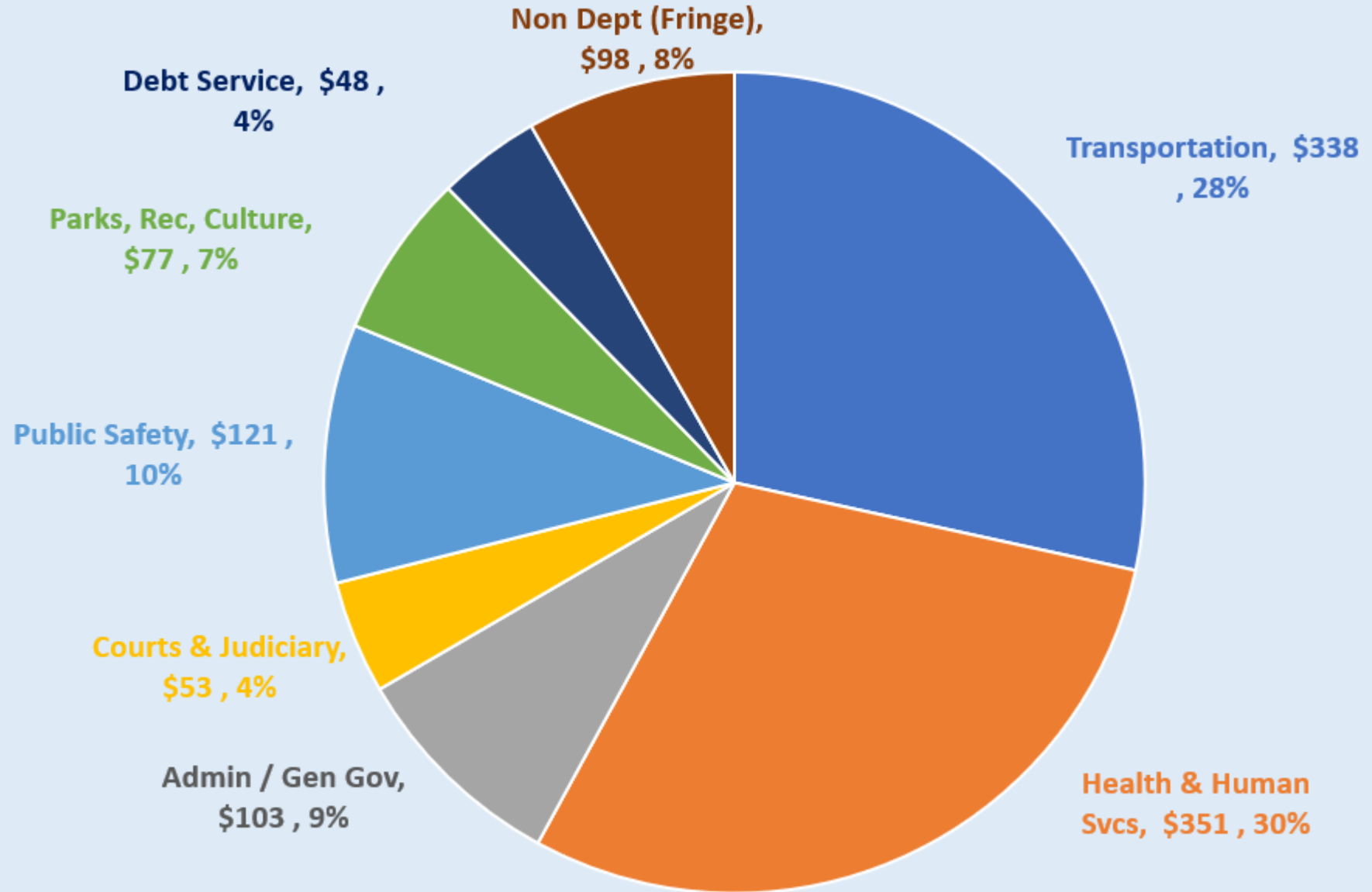


# Milwaukee County 2020 Budget



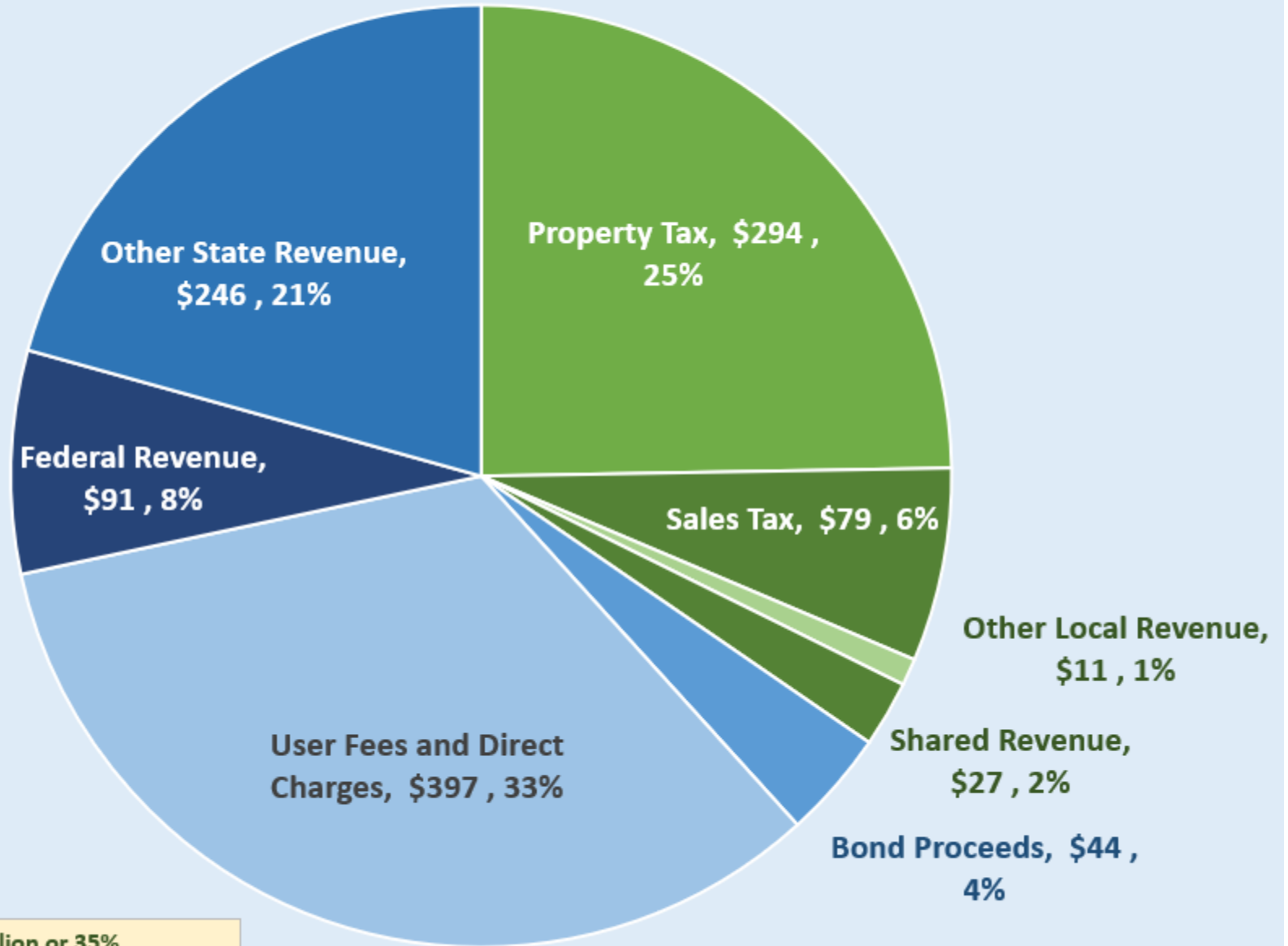


## 2019 MILWAUKEE COUNTY EXPENDITURE BUDGET: \$1.2 BILLION



(\$ in millions)

## 2019 MILWAUKEE COUNTY REVENUE BUDGET: \$1.2 BILLION



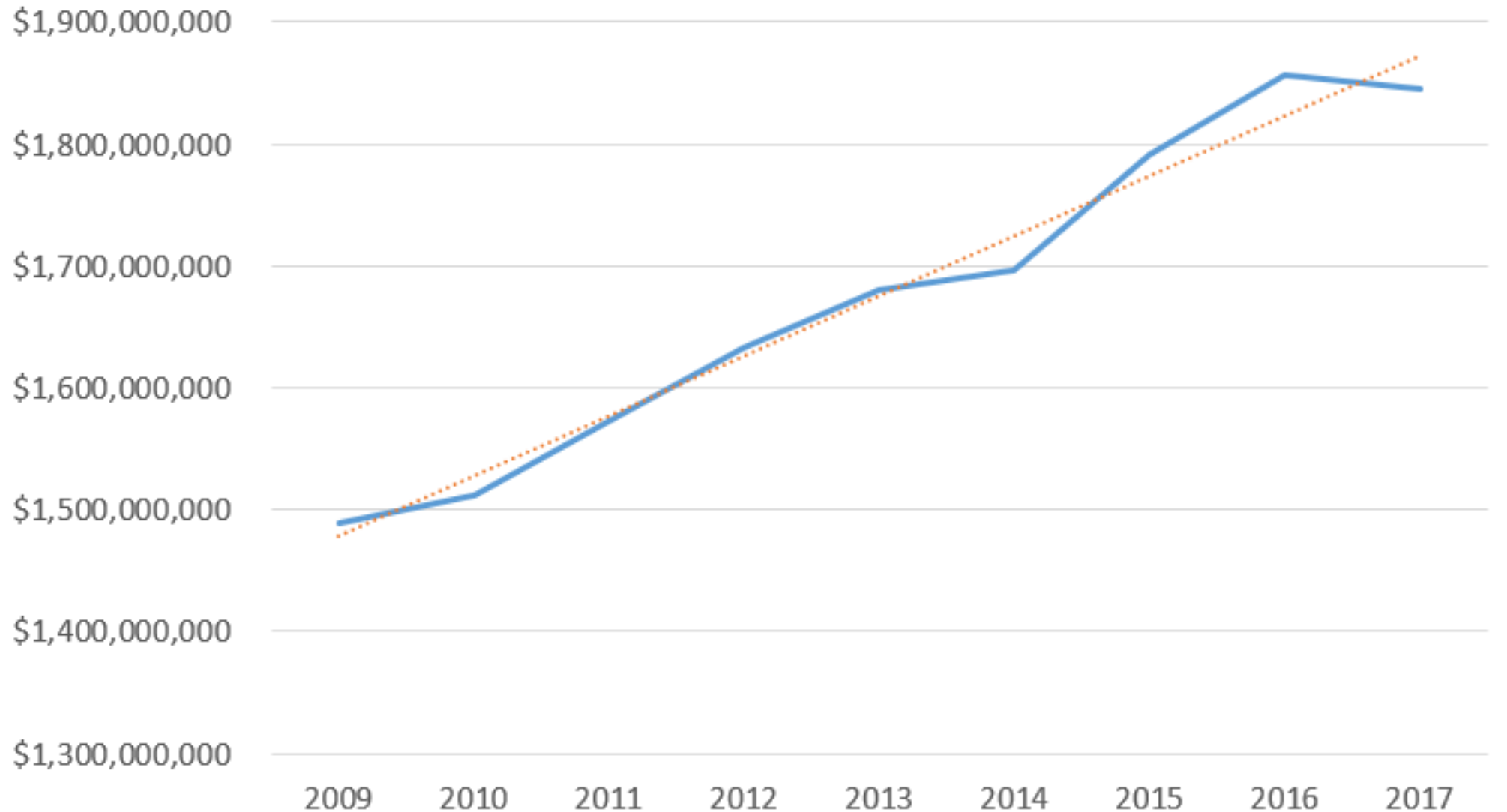
**Local Revenues = \$411 million or 35%**  
**State & Federal Revenue = \$778 million or 65%**

(\$ in millions)



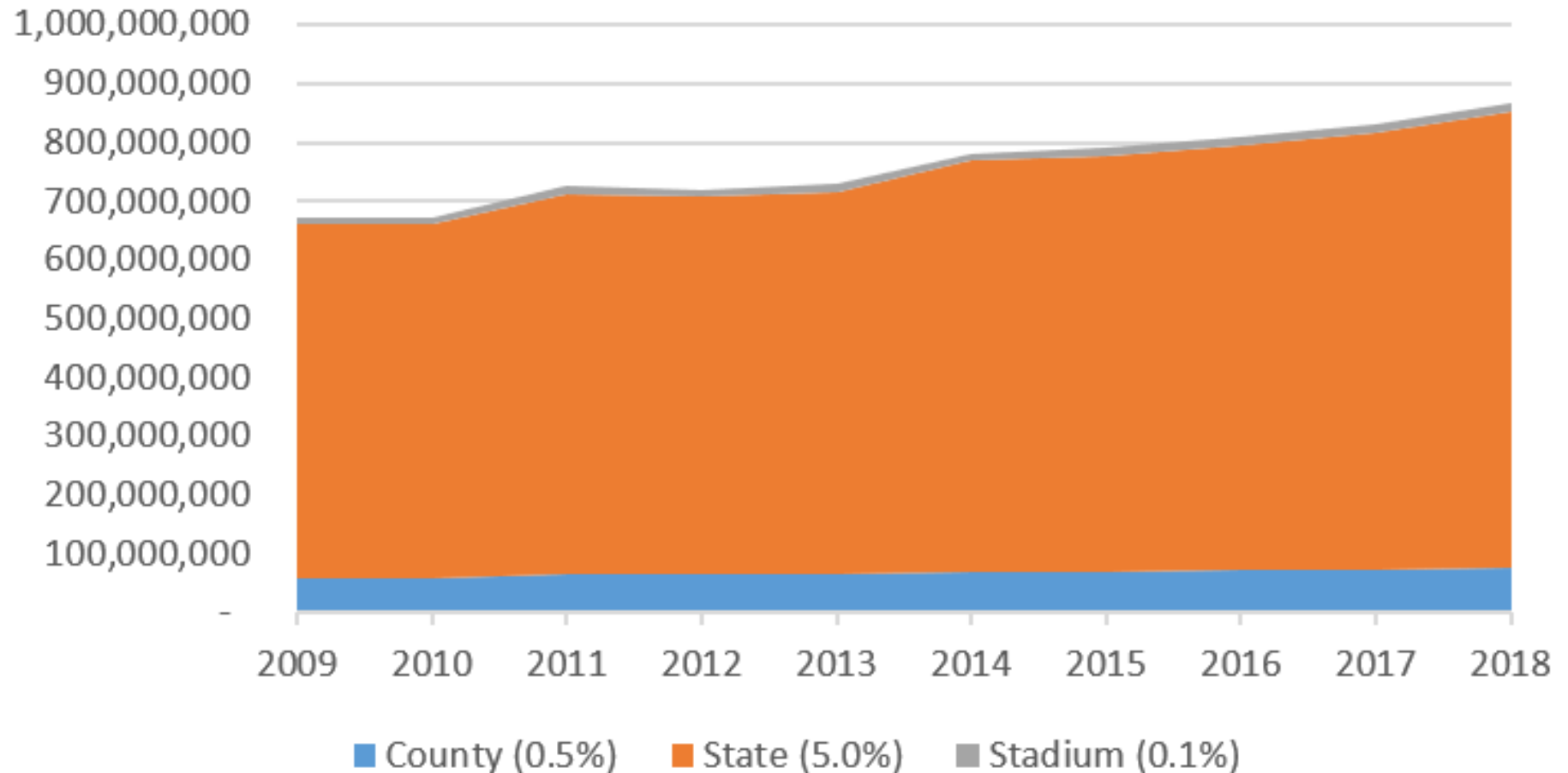
## Individual Income & Sales Taxes Sent From Milwaukee County to the State 2009 - 2017

**\$355M or 24% increase from 2009 to 2017 or 3.0% average**





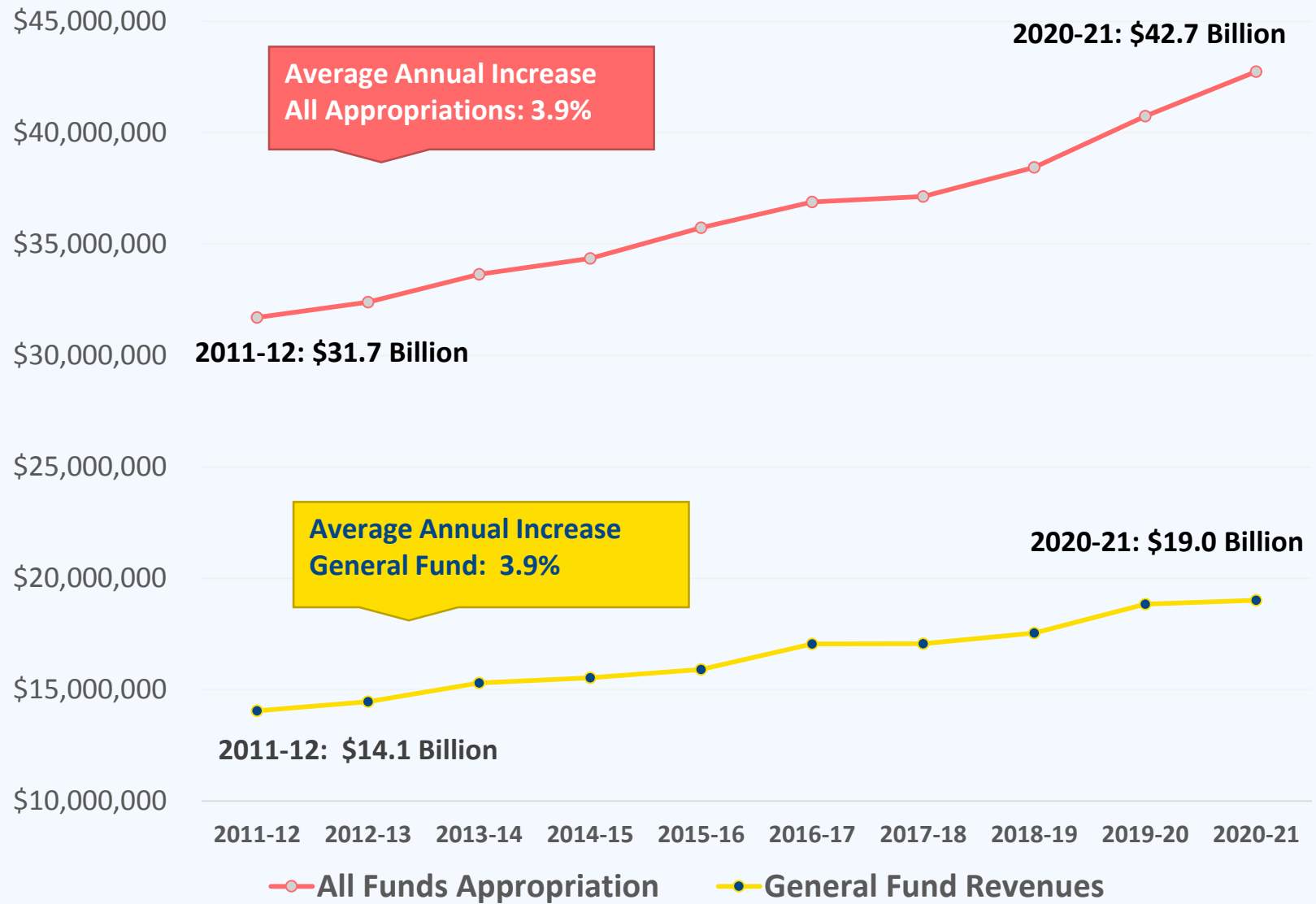
## Sales Tax Detail (2009-2018)



4.2% growth in 2018 results in \$3.1m county revenue and \$31.8m State revenue

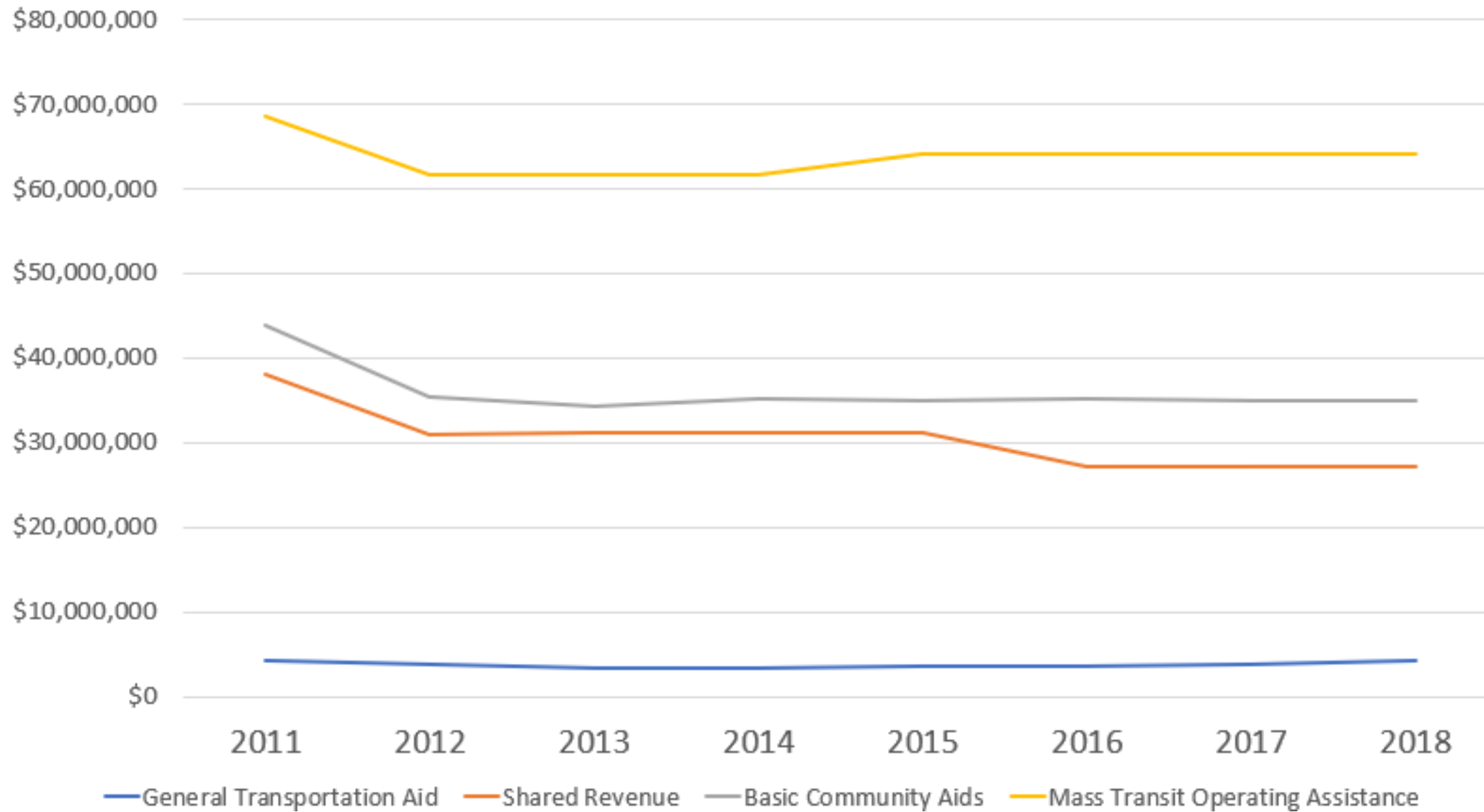


## State of Wisconsin Annual Budget 2011-2021 (\$ in 000's)

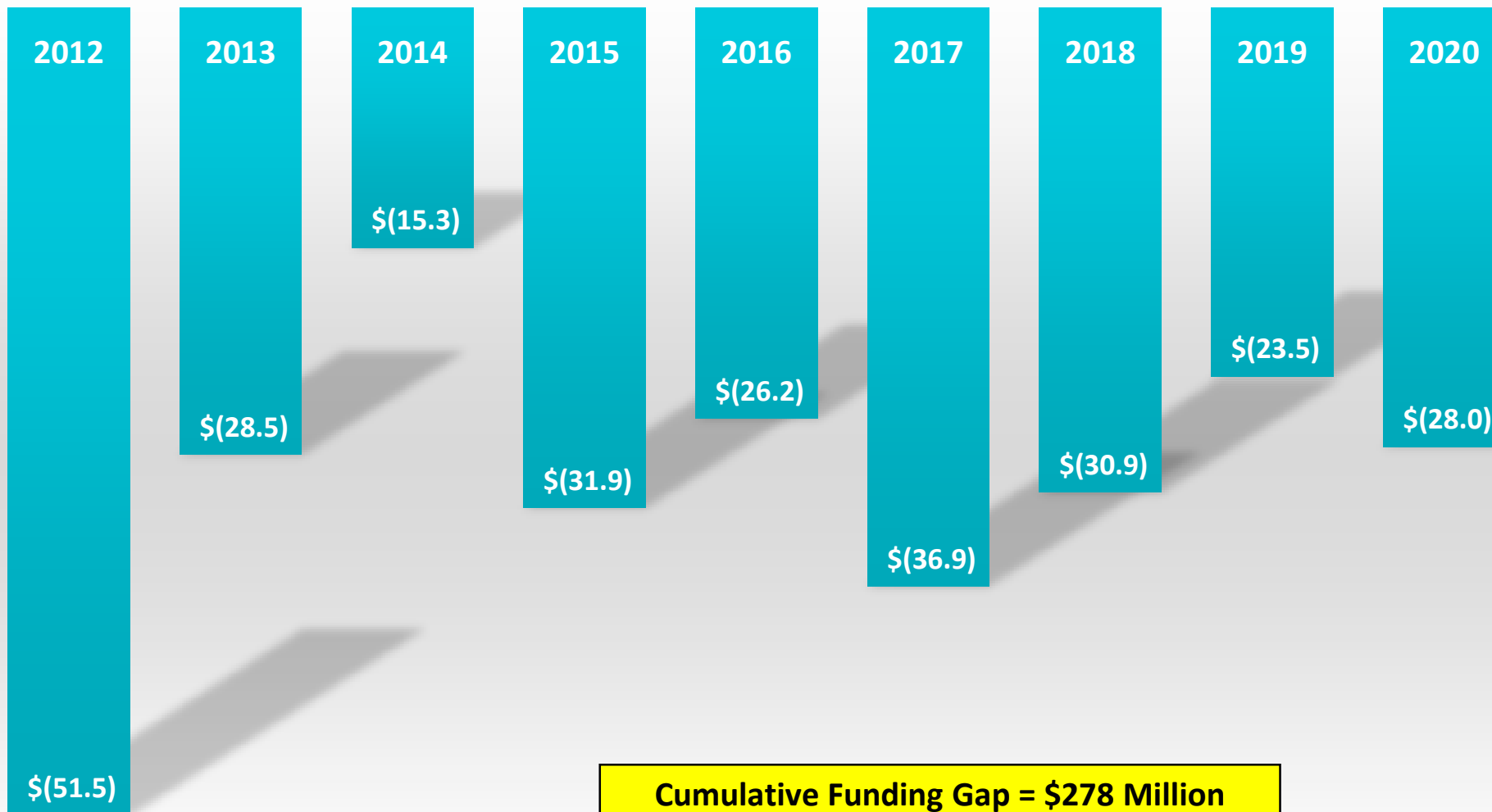




## Milwaukee County Trends in State Aid



## History of Initial Milwaukee County Funding Gaps (\$ in millions)



**Cumulative Funding Gap = \$278 Million**  
*avg \$30m per year*







Estimated 2020 Operating Budget Gap	
Description	Amount
Compensation Increases	\$ 5.7
Health Care	\$ 5.5
Pension	\$ 6.6
Debt Service P&I	\$ 1.0
Other Operating Cost to Continue	\$ 10.7
Inmate Medical Cost Increase	\$ 4.5
Court Appointed Attorney Fees	\$ 1.5
<b>Total Expense Change</b>	<b>\$ 35.5</b>
<b>Revenue Change - Lost Revenues</b>	
Debt Service Reserve	\$ 3.3
Unclaimed Revenue	\$ 1.3
<b>Revenue Change - Increased Revenue</b>	
Property Tax	\$ (3.9)
Sales Tax	\$ (3.6)
GTA	\$ (0.5)
Other/Reimbursement Revenue	\$ (4.1)
<b>Total Revenue Change</b>	<b>\$ (7.5)</b>
<b>Gap Total</b>	<b>\$ 28.0</b>

# 2020 Requested Budget Phase: Gap Closing Strategy

2020 Request Phase Strategy	Amount
Debt Service Withdrawal Equal to 2019	\$ 3.3
Cash Capital or Other Reduction	\$ 4.0
Dept's Self Fund Operating Cost-to-Continue	\$ 10.7
Departmental 1.6% Levy Reduction Targets	\$ 10.0
<b>Total</b>	<b>\$ 28.0</b>

- Departmental Requested Budget Phase:
  - In order to close the budget gap, departments were asked to submit budgets which were 1.6% below the 2019 budget
  - Requested budgets were due July 15
  - Departments met levy savings targets through combination of efficiencies, realignment, departmental revenue increases and service reductions
  - Leveraging the County's declaration that racism is a public health crisis, departments used a racial equity lens to understand the impact of cuts and investments on communities of color
- County Executive Recommended Budget:
  - Recommended budget is due October 1
  - County Executive will be working with the budget office and departments to mitigate impact of service reductions that were included in the request phase of the budget



# 2020 Budget Calendar



- April 2019: Operating Budget Instructions issued to departments
- July 15, 2019: Department Budget requests due
- Aug. 13-20, 2019: Milwaukee County Public Engagement Sessions
- October 1, 2019: County Executive Recommended Budget Released
- October 2019: Finance Committee Hearings
- November 4, 2019: County Board Budget Hearing
- November 12, 2019: 2020 Budget Adopted by County Board
- January 2020: Budget Implemented

# What does Milwaukee County government need your help with?



## 1 PARTICIPATE

Use Milwaukee's Balancing Act online tool to tell us how you would balance the budget:

<https://county.milwaukee.gov/balancing-act>



How would you balance it?

## 2 SHARE

Talk to your friends and family about how county services benefit you and the reasons the county's budget is at a crisis point.



## 3 STAY ENGAGED

Sign the Fair Deal petition to show your support for local services:

<https://county.milwaukee.gov/EN/Board-of-Supervisors/Fair-Deal>

